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Dianne Wampler 01/08/2007 09:46:04 PM From DB/Inbox: Dianne Wampler

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Text:

UNCLAS ADANA 00003

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ACTION: ECON  
INFO: PMA FCS POL DCM CONS PA RAO FAS MGT AMB

DISSEMINATION: ECON /1  
CHARGE: PROG

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INFO RUEHDA/AMCONSUL ADANA 1011

UNCLAS ADANA 000003

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E.O. 12958: N/A  
TAGS: [ECON](#) [ETRD](#)  
SUBJECT: ADANA COMPANY BLAZES TRAIL FOR TURKISH ORGANIC FOOD  
EXPORTERS

#### Summary

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¶1. (U) Despite reduced demand this year for Turkish citrus, one Adana-based company has successfully entered the European organic foods market with produce from farms in the region. Pan Tarim's director, Zeynep Oztekin, cited two main challenges: convincing local growers to endure the difficulties of transitioning to chemical-free farming and managing the extensive auditing that is required for produce to be labeled organic. She anticipates further growth in Europe, but believes the more mature U.S. market will be harder to enter. Though organics are not a panacea, Oztekin's success shows there is a place for Turkey in the growing market for high value-added agricultural products. End summary.

#### A First for Turkey

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¶2. (U) She told us that Pan Tarim is a pioneer in Turkey to specialize in growing, packing, and exporting organic produce, primarily tomatoes and citrus. Her company, Pan Tarim, was the first in Turkey to have its produce certified as organic by the Institute for Markey Ecology, a gate-keeper for European organic food sellers.

¶3. (U) Oztekin explained that securing certification from the IMO requires growers to demonstrate they have been operating without chemicals for at least two years. In addition, the produce must pass through subsequent links in the supply chain - harvesting, storage and shipping - without exposure to chemicals. Finally, organics require "traceability" from the seed to the market shelf as well as stringent labeling and worker safety requirements. As a consequence, Oztekin has a far more intense relationship with her growers than other exporters would have. She noted that this lengthy audit process demands accurate record-keeping and technology-intensive information management. To improve efficiency, Pan Tarim is opening a packing house in February 2007 in the Adana Organized Industrial Zone. Despite the administrative challenges, the rewards are high: currently, the farm price for organic citrus is about double that for conventionally grown fruit.

14. (U) One of Pan's early success stories was achieved by working with growers from an Armenian village, Vakifli, in the Samandag District of Hatay. Because the village had traditionally never used fertilizers or pesticides, they were able to gain organic certification without the usual transition period. In cooperation with Oztekin, the villagers established a cooperative and their organic broke the Spanish monopoly in the UK market by exporting to Tesco, and Sainsbury. As a result, the village was awarded "the Exporter of the Year" by Turkish Exporters Assembly (TIM) in 2004.

#### Plenty of Room for Growth

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15. (U) The market for Turkish organics is almost exclusively in Europe. Pan's largest customers are the UK-based Tesco and Sainsbury's supermarkets. Her produce is also sold in Carrefour markets in France - but not in Carrefour's Adana store. The organic market in Europe is growing by about 20-30% annually and the global trade volume is expected to increase from \$25 billion to \$100 billion the next five years. This year, Pan Tarim plans to double its citrus exports to 4,000 tons. Oztekin is also applying for organic certification from the USDA, which will open up the American market as well. Based on a visit she made to the U.S. under the Cochran Fellowship, Oztekin concluded that the technical requirements for organics in the U.S. are easier to achieve, but the sophisticated distribution and marketing systems of American food companies make the market very competitive. Other markets include Korea, which imports "black" carrots, and may buy nuts and other produce as well.

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